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CENTRAL INTELLIGENCE AGENCY INFORMATION REPORT REPORT NO.

CD NO.

COUNTRY China/USSR

20 Jan. 1950

SUBJECT

Soviet Control in Manchuria

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SUPPLEMENT TO REPORT NO.

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- Soviets now control\* all railways in Manchuria, the Hsiaofengman hydroelectric plant and the Fushun coal mines. The income from these enterprises is converted into gold. \*\*
- Soviet advisers control\* every government organization throughout Manchuria\*\*\*. Individuals or firms wishing to ship goods from Mukden to North China or to North Manchuria by rail must bribe Soviet advisers in the Mukden Railway Bureau in order to receive freight permits.
- 3. Daily shipments of 660 metric tons of soy beans are made from Mukden to the USSR.
- The total daily production of the Mukden arsenal, which has added a night shift, is 600,000 rounds of rifle ammunition, 57.9 (sic)\*\*\* mm rifles, 20 6.5 mm rifles and 18 machine guns. The arsenal also produces unspecified quantities of ammunition for small arms, yellow explosives, black and white gunpowder, more and flat trajectory guns.
- It is rumored in Manchuria that MAO Tse-tung's negotiations in Moscow are directed at obtaining a loan from the USSR, effecting the removal of Soviet troops from the Port Arthur-Dairen area, avoiding the conscription of 5,000,000 troops from Manchuria for Soviet use and discussing the return to the Chinese of 400 boats on the Sunghua River \*\*\*\*\* 25X1A

of "control" is not certain, but he may be referring to the increasing number of Soviet advisers and technicians reported to be in Manchuria.

Comment. It has been reported that the Kirin Dam was enlarged June 1949 to serve additional districts.

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daily.

This may mean that 5 7.9 mm rifles are produced

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Comment. According to an independent source in had agreed to a permanent Soviet occupancy of Dairen. Another source has reported that MAO is requesting economic reimbursement if Dairen is not returned to the Chinese.